

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SS-20 L-03 NSC-07 CIAE-00 INR-10

NSAE-00 PA-04 RSC-01 USIA-15 PRS-01 SP-03 AID-20 EB-11

AGR-20 COME-00 TRSE-00 OPIC-12 DRC-01 /149 W

----- 128244

R 211605Z MAY 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 7138

INFO AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMCONSUL GUAYAQUIL

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

C O N F I D E N T I A L TEGUCIGALPA 2136

GUATEMALA FOR ROCAP

E.O. 11652: GDS

TAGS: EIND, HO

SUBJECT: BANANAS: BENNATON'S VIEWS ON STANDARD FRUIT

REF: TEGUCIGALPA 2068, 2087, 2079 AND 2120

1. AT A SPECIAL CEREMONY HONORING THE SENIOR
VICE PRESIDENT OF THE REPUBLIC OF CHINA ON MAY 20TH,
MINISTER OF ECONOMY BENNATON RENEWED HIS
EXPRESSIONS OF DISMAY OVER WHAT HE TERMED THE
PERILOUS POLICY OF INTRANSIGENCE AND THE TROUBLE-
SOME GAMES BEING PLAYED BY THE STANDARD FRUIT
COMPANY. HE ELABORATED BY SAYING THAT THE GOH
FAIRLY WELL AGREED THAT STANDARD HAD SELECTED
HONDURAS AS THE WEAK LINK IN THE CHAIN OF BANANA
PRODUCING NATIONS AND WAS ATTEMPTING TO USE
ALL OF ITS ECONOMIC POWER TO BREAK THE TAX AND
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MAKE THE HONDURAN GOVERNMENT BACK DOWN.
BENNATON SAID IT HAD BECOME A MATTER OF PRINCIPLE

AND OF NATIONAL PRIDE AND THAT HE SAW NO WAY IN WHICH THE GOVERNMENT COULD OR WOULD BACK DOWN.

I ASKED THE MINISTER IF IT APPEARED TO HIM THAT PERHAPS STANDARD WAS BUYING TIME, JOCKEYING FOR POSITION, OR TRYING TO FIND A MORE REASONABLE FIGURE. THE MINISTER REPLIED THAT IN HIS OPINION THERE WERE NO ALTERNATIVE POSITIONS FOR STANDARD OTHER THAN TO HAVE THE GOVERNMENT BACK DOWN COMPLETELY.

COMMENT: I AM NOT AT ALL SURE THAT BENNATON IS SURE THAT THIS IS STANDARD'S POSITION. EVEN NOW THERE IS TALK THAT A LESSER FIGURE (SAY 10 CENTS PER BOX IS BEING BANDIED ABOUT).

2. BENNATON SAID THAT ONE OF THE PROBLEMS THEY WERE EXPERIENCING CAME FROM THEIR INABILITY TO PIN DOWN ECUADOR'S POSITION. HE TOLD ME CONFIDENTIALLY THAT THE MINISTER OF DEFENSE WAS AT THE MOMENT IN ECUADOR TRYING TO MAKE THIS DETERMINATION (SEE TEGUCIGALPA 2068.) IT WAS NOT CLEAR JUST WHEN THE DEFMIN WAS TO RETURN.

3. I ASKED BENNATON IF HE HAD HEARD OF AN OFFER ON THE PART OF STANDARD TO SELL ALL OF STANDARE'S INTERESTS IN COSTA RICA TO THE GOCR. HR LOOKED PUZZLED FOR A MOMENT AND ANSWERED THAT HE HAD HEARD THIS BUT HAD NO IDEA JUST HOW THE GOCR WOULD REACT.

4. IN ORDER TO FERRET OUT MORE OF THE MINISTER'S THOUGHTS ON THE SUBJECT I ASKED HIM POINT BLANK IF HE FELT THERE WAS SOMETHING ELSE I SHOULD BE DOING WITH REGARD TO THIS IMPASSE. HE SAID HE TRULY APPRECIATED THAT QUESTION, BUT AT THE MOMENT IT APPEARED THAT THE BEST THING WE COULD DO WOULD BE TO CONTINUE OUR POSTURE OF TRYING TO PROMOTE CONTINUED DIALOG AND PERHAPS EVEN STEER AWAY STANDARD'S OFFICIALS FROM AN OBVIOUS POSITION OF CONFRONTATION (SEE TEGUCIGALPA 2087 AND 2079). HE
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THEN WENT ON TO RECITE A LENGTHY LIST OF DARK PROSPECTS WHICH COULD RESULT FROM THIS IMPASSE. THESE INCLUDED OFFICIAL PROTESTS LODGED BEFORE THE OAS, EMERGING PROPAGANDA ATTACKS AGAINST MULTINATIONAL CORPORATIONS, RENEWED CHARGES OF COLONIALISM AND DOLLAR IMPERIALISM AND FINALLY A SHATTERED IMAGE OF AMERICAN BUSINESS GENERALLY.

5. I ASKED BENNATON IF HE STILL FELT THAT THE STANDARD FRUIT COMPANY WAS THE ONLY PROBLEM, IN VIEW

OF THE RECENT VISIT OF UNITED FRUIT EXECUTIVE ELI
BLACK DURING WHICH BLACK EXPOUNDED THE ANTI-BANANA
TAX POSITION BEFORE THE GOH. BENNATON SEEMED TORK
BRUSH OFF THIS QUEST
ION WITH ONLY THE COMMENT
THAT UNITED HAS AGREED TO ACT AS A SPOKESMAN FOR THE
BANANA SHIPPERS.

6. IN PARTING BENNATON THANKED ME FOR MY CONTINUED
INTEREST IN THIS PROBLEM AND HINTED BROADLY THAT
PERHAPS A HURRIED, SECRET VISIT BY ME TO STANDARD
FRUIT OFFICIALS MIGHT ASSIST IN OPENING UP DIALOG
ONCE AGAIN.

COMMENT: BENNATON'S EXPRESSION OF WORRY
AND FRUSTRATION IS WELL FOUNDED. HE SEEMS UNDECIDED
AS TO HIS NEXT STEP, PERHAPS BECUASE THE UPEB MEETING
IN SAN JOSE MAY 15-17 WAS INDECISIVE. HE IS PREPARED TO
MAKE ACCUSATIONS AGAINST THE GOOD FAITH OF STANDARD AND
ACCEPT THEIR CAPITULATION, NOTHING LESS. I BELIEVE HE
WILL NEED TO KNOW THE PENDING RESPONSE WHICH DEFENSE
MINISTER RAMIREZ BRINGS FROM ECUADOR BEFORE CHARTING HIS
NEXT COURSE.
SANCHEZ

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